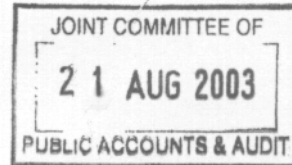




THE HON PETER MCGAURAN MP

MINISTER FOR SCIENCE DEPUTY LEADER OF THE HOUSE

Parliament House Canberra ACT 2600 T: (02) 6277 7440 F: (02) 6273 7330 E: peter.mcgaوران.mp@aph.gov.au



Mr Bob Charles MP
Chairman
Joint Statutory Committee of Public Accounts and Audit
Parliament House
CANBERRA ACT 2600

20 AUG 2003

Bob
Dear Mr Charles

In accordance with Department of Finance and Administration guidelines attached is an Executive Minute from Dr Geoff Garrett, Chief Executive, CSIRO, responding to recommendations 4 and 5 of the Joint Committee of Public Accounts and Audit Report 393 (Audit Report No 51, 2001-2002 Research Project Management).

Yours sincerely

18 AUG 2003

EXECUTIVE MINUTE

on JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT REPORT 393

[Audit Report No.51, 2001-2002 Research Project Management]

General comments

The two Recommendations below relate to key elements of CSIRO's Strategic Goals enunciated in its Strategic Plan - 2003/04 to 2006/07 and its Operational Plan for 2003/004.

The following Strategic Goals are incorporated in these plans:

- 2.2 Optimise delivery of all research activities by improving project management
- 5.2 Be among the best in governance , OHSE and performance management processes
- 6.2 Proactively manage patent and equity portfolios to multiply IP-based revenue streams

CSIRO has established a dedicated team – *The Operational Performance Unit* – reporting to the Executive Director Corporate Operations/Chief Finance Officer with prime responsibility for developing the Performance Measurement Framework outlined in the Operational Plan and for driving the implementation of Project Management Improvement policies across the Organisation.

Response to the recommendation(s)

Recommendation No. 4

The Committee recommends that the Commonwealth Scientific and Industrial Research Organisation develop and implement a consistent and coherent model of project management across the Organisation.

CSIRO fully supports this recommendation. Since appearing before this Committee in August 2002 CSIRO has made significant progress in its development and implementation of policies and procedures to improve project management across the Organisation. These are:

- Policy statements released December 2002 prescribing a consistent project management model across the Organisation.
- CSIRO Project Management Guide released February 2003, which presents a framework for project management, documents policies and recommended practices, and clarifies roles and responsibilities.
- Development is continuing on a project workflow system that will support and enable the Organisation's project management policies and procedures. In particular, this system will provide a mechanism for electronic capture and reporting of project plans and decisions, performance against milestones and deliverables, and tracking of the required approvals at various project stages by authorised officers.

- A review in December 2002 by the internal Risk Assessment and Audit group of actions being taken by, and in response to, the Organisation's Project Management Improvement (PMI) initiative. This found that there was improvement in each area examined by the review, ranging from moderate to significant.
- Introduction of a Program Performance Framework (PPF) for our Flagship Programs (large cross-divisional programs), which defines a structure for tracking progress against strategy, and aligning measures of success from projects up to the Board. Focus is on the most critical outputs and links annual performance goals to long term goals and encourages optimal resource allocation.
- Plans are in place to rollout the PPF through all research operations and integrate with our project management procedures.
- The Operational Performance Unit has been established with day-to-day responsibility to ensure ongoing continuity and intensity around project management and performance assessment.

Recommendation No. 5

The Committee recommends that the Commonwealth Scientific and Industrial Research Organisation develop and implement clear and consistent policy guidelines for the retention of intellectual property.

The Committee's recommendation arose in part from reference to a policy implemented at Purdue University which provides for benefit sharing between the commercial licensee, the university and the individual researchers.

The recommendation is supported with the qualification that the policy concerning sharing of IP revenues will need to separately address the aspects of:

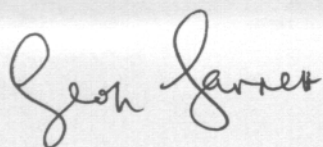
- **Sharing between CSIRO and its licensee/co-investment partners of commercialisation benefits;**
- **The relationship between CSIRO and its employees in relation to commercialisation revenue streams.**

CSIRO has existing policy guidelines in relation to ownership of intellectual property rights and commercial exploitation rights to be granted to licensees which provide both a broad policy framework and detailed guidelines for CSIRO's engagement with companies and other entities (eg CRCs, RDCs, industry bodies) who are licensees or co-investors in collaborative projects. These guidelines are currently under review and it is anticipated that a Revised Commercial Practice will be available during 2004.

CSIRO's current policies in relation to rewards for inventors, and the potential benefits and issues that would flow from the introduction of a revenue sharing model, have been the subject of detailed consideration during 2002-03. CSIRO currently implements a comprehensive employee rewards scheme. The introduction of rewards for inventors, and also for all other CSIRO staff, based on a sharing of IP revenues, has been proposed and is being considered by the Executive and Board and will be decided by the end of 2003.

Key issues under consideration are:

- A review of administrative systems capabilities to ensure revenue and expenditure data is accurately linked to individual items of IP to provide a reliable basis for calculating rewards in a revenue sharing model.
- Investigation of a gross revenue share model to simplify and reduce the cost of administration.
- A review of records systems to ensure that details of all staff working on revenue-generating IP are accurate, so that a revenue sharing model will not lead to disputation or undermine team working relationships.
- Introduction of a pilot scheme in several Divisions to ensure implementation issues are satisfactorily resolved before full scale adoption of the new rewards.



G G Garrett
Chief Executive
7 August 2003